

FINAL BILL REPORT

SHB 1029

C 309 L 07

Synopsis as Enacted

Brief Description: Defining alternative motor fuels.

Sponsors: By House Committee on Technology, Energy & Communications (originally sponsored by Representatives B. Sullivan, Linville and Morris).

House Committee on Technology, Energy & Communications
Senate Committee on Water, Energy & Telecommunications

Background:

Alternative Fuel.

Alternative fuel is a fuel derived from non-petroleum sources that can be used to power a motor vehicle. The term "alternative fuel" is not defined in state law. Federal law defines alternative fuel as alcohol fuel, compressed natural gas, liquified natural gas, liquified petroleum gas, coal-derived liquid fuels, and fuels derived from biomass.

Alcohol Fuels.

Alcohol fuels are made from crops such as corn, wheat, barley, potatoes, sugarcane, and the cellulose of plants such as switchgrass, straw, and trees. Methanol and ethanol are two types of alcohol fuels used in motor vehicles. Ethanol is most commonly produced from corn and sugarcane. Methanol is primarily made from natural gas, but also can be made from renewable sources.

Ethanol.

Ethanol is a type of alcohol fuel. The most common blends of ethanol fuel are:

- E10 – 10 percent ethanol and 90 percent unleaded gasoline; and
- E85 – 85 percent ethanol and 15 percent unleaded gasoline.

Vehicles must be specially designed to run on E85 and use of the fuel blend is approved for Flexible Fuel Vehicles (FFVs) only. The FFVs are designed to run on #85, gasoline, or any blend of the two. There are more than four million FFVs on the road in the United States.

Typically, an E85 blend is seasonally adjusted to ensure proper starting and performance in different geographic locations. During winter, higher percentages of gasoline is added to E85 to ensure that vehicles are able to start at cold temperatures. According to the American Society of Testing and Materials Standard Specification for Fuel Ethanol for Automotive Spark-Ignition Engines, E85 sold during colder months may contain 70 percent ethanol and 30 percent petroleum to produce the necessary vapor pressure for starting in cold temperatures.

Motor Fuel Quality Act.

The state Motor Fuel Quality Act (Act) provides for the establishment of quality specifications for all liquid motor fuels, except aviation fuel, marine fuel, and liquefied petroleum gases, and establishes a sampling, testing, and enforcement program. The term "motor fuel" means any liquid product used for the generation of power in an internal combustion engine used for the propulsion of a motor vehicle upon the highways of this state.

The Act contains a definition of biodiesel fuel, diesel, and motor fuel, but does not define alternative fuel, alcohol fuel, E85 motor fuel, or nonhazardous motor fuel.

Tax Exemptions and Preferential Tax Rates for Biofuels.

Washington law makes available tax exemptions or preferential tax rates to promote motor fuels containing 85 percent ethanol. However, state law does not use a consistent definition for motor fuels containing 85 percent ethanol.

Summary:

The Motor Fuel Quality Act is amended to include a definition for alcohol fuel, alternative fuel, E85 motor fuel, and nonhazardous motor fuel. The new definition for E85 conforms with the nationally recognized definition.

Tax Preferences.

The business and occupation (B&O) tax deduction for sale of alternative fuel and the retail sales and use tax exemption for distribution of biodiesel or alcohol fuels are amended to replace the definition of alcohol fuel or alcohol fuel blends with a definition for E85 motor fuel.

The sales and use tax exemption for use of machinery, equipment, vehicles, and services related to biodiesel or E85 motor fuel is extended from July 1, 2009, to July 1, 2015.

The B&O tax deduction for sale or distribution of biodiesel or E85 motor fuels is extended from July 1, 2009, to July 1, 2015.

Definitions.

"Alcohol fuel" is defined as any alcohol made from a product other than petroleum or natural gas that is used alone or in combination with gasoline or other petroleum products for use as a fuel in self-propelled motor vehicles.

"Alternative fuel" is defined as all products or energy sources used to propel motor vehicles, other than conventional gasoline, diesel, or reformulated gasoline. Alternative fuel includes, but is not limited to, liquefied petroleum gas, liquefied natural gas, compressed natural gas, biodiesel fuel, E85 motor fuel, fuels containing 70 percent or more by volume of alcohol fuel, fuels that are derived from biomass, hydrogen fuel, anhydrous ammonia fuel, nonhazardous motor fuel, or electricity, excluding onboard electric generation.

"E85 motor fuel" is defined as an alternative fuel that is a blend of ethanol and hydrocarbon of which the ethanol portion is nominally 75 to 85 percent denatured fuel ethanol by volume that complies with the most recent version of American Society of Testing and Materials specification D-5798.

"Nonhazardous motor fuel" is defined as any fuel of a type distributed for use in self-propelled motor vehicles that does not contain a hazardous liquid as defined in Motor Fuel Quality Act.

Votes on Final Passage:

House	97	0	
Senate	46	0	(Senate amended)
House	94	0	(House concurred)

Effective: July 22, 2007